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SUBREGIONAL DEVELOPMENT PROSPECTS: THE CILSS COUNTRIES

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I. Introduction

1. In 1983 the ECA secretariat prepared a perspective study on the development of the African continent entitled ECA and Africa's Development 1983 - 2008: a preliminary perspective study which presented a long-term view of the economic and social development of Africa by the year 2008. The study, which covered the whole region, uses the various perspectives to highlight the crucial problems the continent will encounter by the year 2008.

2. Referring to the document and taking note with interest of the projections carried out, the ECA conference of Ministers adopted resolution 501 (XIX) at its 19th session which recommended that perspective studies should be carried out at the national, subregional and regional levels. Such studies would, in particular, permit a better evaluation of measures to be taken to ensure the implementation of the Lagos Plan of Action.

3. Noting the deterioration in the economic situation of African countries, the Conference felt that perspective studies could, by putting forward several scenarios, permit States to identify the most appropriate ways and means of developing their priority sectors and coping with the structural weaknesses of their economies. Thus, the studies could be a very useful planning instrument in the future and contribute to decision-making among African leaders at the national, subregional and regional levels.

4. The study that the secretariat is submitting at this Conference is the outcome of collaboration between the Sahel Institute, an agency of the Permanent Inter-State Committee on Drought control in the Sahel (CILSS) and ECA. The study first analysed the economic and social development of the CILSS countries from 1973 to 1983 and established their achievements for that decade. The analysis revealed the main problems which hampered the region's development. The balance sheet of achievements was used to make projections especially for the historical trends scenario.

5. Two scenarios are proposed in the perspective chapter which covers the years 1983 to 1998: a scenario based on trends observed since 1973 and a normative scenario aimed at developing the economy and its priority sectors, especially agriculture, in order to achieve food self-sufficiency by the end of the century.

6. The study focusses particularly on three sectors of the economy namely, agriculture, transport and energy. The importance accorded to the three sectors stems from the fundamental role that they play in the development of the region's economy which is lagging behind in the area of inter-country communications, production and distribution of energy as well as with respect to industries. Such an analysis should make the governments concerned aware of the seriousness of the problems they are facing and how urgently solutions

must be found to them. The projections made clearly show the disastrous consequences that would follow if past trends continued, they also indicate ways and means of attaining a self-sustaining and more balanced development. The study's aim is to show governments that, if current policies are continued they can only lead to an unacceptable situation; it also shows how the objectives of the Lagos Plan of Action can be achieved at the regional level. A symposium was organized on this study from 21 to 23 November 1983 in Dakar.

II. Economic and Social Achievements of the CILSS Countries, 1973-1982

7. The first part of the document studies the economic and social development of the CILSS countries from 1973 to 1982 by attempting to identify major development problems and the weaknesses and shortcomings with respect to economic growth.

(a) Unsteady and low overall economic growth

8. From 1973 to 1982 the gross domestic product (GDP) growth of the CILSS countries was irregular: a very low overall average annual rate of 1.9 per cent which was lower than the rate of population growth for the same period, 2.5 per cent. The reasons for this poor performance were the poor growth of the major sectors particularly the rural sector which, with contributions varying between 48 and 22 per cent (depending on the countries) accounted for the largest share of GDP. The agricultural situation was therefore the crucial factor in the overall economic situation because of its impact on the other sectors and its importance in the economy of the CILSS countries.

9. Other reasons for the poor economic performance during the period under consideration were the persistent drought and poor productivity of the economies, poor development of industry and transport and dependence on external sources of energy. External factors such as the world economic crisis, more expensive energy and manufactured goods also contributed to slowing down economic activity in the CILSS countries. One of the most serious consequences of the slow down in economic activity was the deficit in domestic resources.

10. There were no appreciable changes in the use of GDP during the period. Nearly 91 per cent of expenditure was devoted to final consumption with about 75.5 per cent going to public consumption and 15.5 per cent to private consumption. Gross fixed capital formation was low, an average of between 3 and 16 per cent of GDP in the subregion; its growth in real terms was only 3.2 per cent a year during the period.

11. The CILSS countries had a permanent deficit in the current accounts balance of the balance of payments. There were sharp yearly variations in exports which grew by only 2.5 per cent a year while the deterioration in the terms of trade was 4 to 10.5 per cent a year. The countries were not always able to meet their import requirements with respect to both consumer and capital goods. Imports grew by only 2.1 per cent a year and despite a considerable decline from 1979 onwards, the deficit was constant throughout the period.

Consequently, foreign borrowing increased the debt which increased seven- fold in 10 years from US$708 million to 4944.3 million while debt servicing increased thirty-four fold to US$193 million in 1983. Net disbursements of official development assistance, which amounted to about US$1 billion per year on the average to the eight CILSS countries, were not enough to ease the debt burden.

(b) The main problems of the CILSS countries during the period 1973-1983

12. Of all the problems that affected the region during the period, the drought was certainly the one that had the most significant impact on the economy and the lvies of men. The consequences of the drought, especially on the rural sector were considerable aggravating an already precarious food situation. Cereals production dropped to 35 per cent of the normal level of proeuction and, in countries where stock breeding plays a key role in the rural sector, such as Mauritania, Mali, Niger and Chad, there were very heavy losses in livestock. The drought had a very serious impact on the environment and natural balance.

13. Two other problems that affected the development of the region were rapid population growth and urban development. Between 1973 and 1983 when the population of the CILSS countries reached 32.8 million, the annual rate of population growth was 2.5 per cent.

14. This rapid growth in population was accompanied by a very considerable rural - urban drift which contributed to the rapid development of towns. The rate of urban population growth was 5.3 per cent during the above-mentioned period; there were 5.7 million urban dwellers in 1982 on 18 per cent of the total population. Increasingly difficult living conditions in the rural areas, declining agricultural production and farm incomes were, to a considerable extent, the causes of the flight of people from the rural to the urban areas where they often came up against other problems such as unemployment, delinquency and changes in food habits.

15. Finally, sectoral problems worsened. The agricultural and food crisis became more serious. The cereals deficit was nearly 2 million tons at the end of the period which indicated the failure of the agricultural policies of the CILSS countries. Industry remained an under-developed sector aminly based on the processing of local products and the exploitation of mining resoruces. Its contribution to GDP during the period was not more than 9 per cent on the average. The energy sector remained eavily dependent on the outside world and this widened the external deficit at a time when energy prices had increased considerably. The poor performance of the transport and communications network did not facilitate the development of the other sectors.

16. Thus, the achievements of the 1973-1983 decade were rather poor and no serious progress was made in development.

III. Development Prospects of the CILSS Countries, 1983-1998

A. Presentation of the historical trends scenario which assumes a continuation of current trends

1. Aim of the historical trends scenario

17. The aim of the historical trends scenario is to describe the situation in which the economies of the CILSS countries would be if the trends observed during the 1973-1983 period continued and if no corrective measures were taken. This scenario, therefore, looks more like an alarm signal than a desirable projection of the economy and should invite African leaders to take concrete measures to ensure that the consequences it predicts will not come to pass.

2. Outcome: aggravation of the region's problems by 1998

(a) Overall macro-economic outlook and GDP growth

18. The overall macro-economic prospects of the historical trends scenario are based on the assumption that past trends in key sectors such as agriculture, energy and transport will continue.

19. The GDP would grow by 1.9 per cent per annum as it did during the 1973-1982 period. The population growth rate would remain at 2.5 per cent per annum. This will lead to a considerable reduction in per capita income by 1998. The economic situation will still be dominated by the agricultural sector.

20. With an annual increase of 3.2 per cent, gross fixed capital formation should produce an investment rate of 17.2 per cent of GDP. Exports and imports should grow by 2.1 and 2.5 per cent a year respectively. The poor growth of exports is due to the slight increase in agricultural exports and mining products. The scanty earnings from exports will not be enough to cover import requirements with respect to food, capital goods and energy. Cereal and energy deficits in the region will be so considerable in the region that they are sure to affect the CILSS countries. The subsequent worsening in the current transactions balance deficit. will go hand in hand with increased external debts and debt servicing.

21. The financing problem would not be resolved and a considerable portion of capital would have to be secured from external funding sources since domestic revenue would be too low to generate the resources required. If external aid flows continue to decline investment programmes will be seriously hampered and even the modest growth rate projected for GDP will be difficult to attain.

22. The macro-economic framework of the historical scenario is merely a technical outline to alert governments and the international community to the serious threats facing the CILSS countries.

(b) Increased desertification of the region

23. It is not wrong to think that there will be other periods of drought in the region by the end of the century because the climatic history of the Sahel shows that drought has always been a part of life in the region. Drought should therefore be considered as a permanent factor in the climate of the CILSS countries.

24. Repeated and prolonged periods of drought as those that occurred during the 1973-1983 period, will once again have disastrous effects on the economies, especially on agricultural proeuction. The deserts might spread further and existing water points will be threatened.

25. To avoid such catastrophes, considerable efforts should be made to irrigate large tracts of cultivated land in order to ensure that a portion of agricultural production is not at the mercy of the weather. In order to retain soil humidity, a portion of the Sahel will have to be replanted. Better knowledge of underground water tables and the establishment of many watering points are crucial to the elaboration of a genuine water policy.

(c) Uncontrolled population and urban growth

26. In 1998 the population of the CILSS countries will be 48.8 million inhabitants if the growth rate remains at 2.5 per cent a year. Within a period of 15 years the population of the CILSS countries will increase one and a half times. Such an increase in population will put greater pressure on the food available thus underscoring the need to achieve self-sufficiency in food by 1998. Malnutrition and famine might affect more people.

27. At the same time as the overall population is increasing towns will grow considerably bigger. The urban population will increase by 6.1 per cent a year a year until 1998, by which time about 30 per cent of the Sahel's inhabitants or 14.6 million people will be living in cities thus worsening already existing urban problems such as unemployment, delinquency, insecurity and difficult living conditions.

28. The rapid growth of cities will bring to the fore a new problem which was already apparent during the 1973-1983 period: the considerable decline in the rural population which will seriously affect the farm labour force and the attainment of the objective of self-sufficiency in food.

(d) An alarming food situation

29. Projections with respect to the agricultural situation in 1998 are based on supply projections computed from yields and surface area cultivated in 1982 and demand projections taking into consideration the population increase and the basic food ration for each cereal and country. Projections with respect to agriculture concern only the main cereals produced namely, millet, sorghumm, maize and rice.

30. If the trends of 1973-1983 continue, there will be a net cereals production of 5.3 million tons in 1998 for the whole region as against 4.5 million tons in 1982; this represents an annual growth rate of 1.2 per cent. Per capita cereals production would decrease by 25.4 kgs. from 134 kgs. in 1982 to 108.6 kgs. in 1998, an annual decline of 1.3 per cent, while the population would grow by 2.5 per cent a year. The decline in per capita production is more pronounced in some countries such as Chad, the Gambia and Senegal than in others. The cereals deficit for the region would amount to 4.1 million tons as against 1.9 million tons in 1982. This deficit is increasing by 5 per cent a year. The rate of cereals supply in the region would decrease considerably to 56.3 per cent in 1998. The largest shortfalls in production would be in staple cereals (millet, sorghum, maize) while rice and wheat deficits will be meaningful only in Senegal and the Gambia.

31. Such a situation will result in increased cereals imports and greater dependence on imported food to feed the people. The situation will also be aggravated by the lack of national and regional security stocks.

32. Cash crops will grow very slowly and will not fetch any surplus foreign exchange. Thus, as far as the historical scenario is concerned there are absolutely no prospects for agriculture.

(e) Crippled industry

33. There will be very little development in industry which is mainly based on the development of agricultural resources; will also be by and large hampered by the bad performance of the agricultural sector. The problems of the historical period will persist. The lack of funds will not permit the implementation of crucial industrial projects such as cement factories, sugar mills and mechanical industries and the shortage of qualified personnel will continue to hamper the industrialization of the CILSS countries. Therefore, industry will not develop any more than it did during the 1973-1983 decade if a policy designed to tackle all the problems of industrialization is not implemented.

(f) A more critical situation in the energy sector

34. Until 1998, the growth pattern of the modern energy sector will not differ very much from that observed during the historical period since the main consumer sectors (industry, transport) will experience low growth. On the other hand, the consumption of firewood which will remain the principal source of energy will increase sharply as a result of population pressure while supply will be low. By 1998 the demand for firewood will be 1.45 m^3 per capita while firewood production will be only 0.59 m^3 per capita on the basis of the same growth rate observed between 1973 and 1983. The firewood deficit will be 82.5 million tons in 1998. Production will no longer be enough to satisfy demand and the damage done to the forest and the environment will be irrepairable.

35. The use of alternative sources of energy for domestic purposes and of more efficient wood stoves and the rapid replanting of trees might help to prevent the scenario from happening.

36. The increase in oil consumption along the lines of past trends will yield a per capita consumption of 135 kgs in 1990 as compared to 70 kgs in 1980 or an annual growth rate of 5.8 per cent. Such an increase will sometimes result inalmost unbearable charges for the CILSS countries because of the high cost of oil imports. The CILSS countries would then be forced to reduce their consumption and scale down economic growth.

37. Despite unquestionable potential in hydro-electric power, electricity production will not be enough in 1990 to satisfy demand if trneds continue. It should however be noted that the potential supply of dam-generated electricity is higher than the actual supply observed during the past period. To make good the predictable deficit some countries will be forced to import electricity.

(g) The transport and communications situation

38. The role of transport in economic development has been stressed over the again that is why States often assign an important place to transprot in their development plans. In the CILSS countries, the implementation of the Transport and Communications Decade which would open up the region through the construction of roads and the trans-sahelian railway has been hampered because of financial constraints. For that reason, there is no hope of seeing any significant changes in the current transport situation in the Sahel and the growth of the sector would remain at 1.1 per cent.

B. Presentation of the normative development scenario

1. Aim of the normative development scenario

39. Unlike the historical trends scenario which is merely a projection of trends observed in the 1973-1983 decade, the normative development scenario assumes there will be deliberate attempts to change economic policies implemented until the end of the above-mentioned decade in order to avoid the occurence of the historical trends scenario and be able to control the economy. The normative scenario is based on the objectives of the Lagos Plan of Action and national development plans, i.e., self-sufficiency in food, the accelerated development of energy resources, the strengthening and diversification of industry and the establishment of an integrated transport and communications network.

2. Expected results

(a) Self-sustaining growth

40. During the 1983-1990 period, the GDPshould grow by 6.65 per cent a year as a result of sustained growth in the major sectors.

41. Given the objectives of the normative development scenario, i.e., self-sufficiency in food, less dependence on energy and the development of transport and communications, investments should grow by 8.5 per cent a year. The investment rate would be 24.3 per cent of GDP. States would then be able to invest more as a result of higher revenue. Similarly, the external deficit could be reduced if cereal imports were stopped, oil imports were curbed and agricultural inputs were produced locally. Imports and exports should grow by 1.9 per cent and 4.0 per cent a year respectively.

(b) Self-sufficiency in food

42. Self-sufficiency in food could be achieved through the implementation of policies designed to modernize and effect far-reaching changes in agriculture. Production objectives are many and require the total involvement of the public authorities, the rural masses and sources of financing.

43. If demand is to be satisfied, 9.8 billion tons of millet and sorghum, 2.1 million tons of paddy rice and 683,000 tons of maize would have to be produced.

44. To achieve self-sufficiency in cereals, an annual growth rate of 6 per cent would have to be maintained until 1998. The rural sector as a whole should grow by 5.6 per cent per year until 1998. To achieve this, the total cultivated land would have to expand by 2.5 million hectares of which about 1 million hectares should be irrigated, output per hectare would have to improve considerably and be double the 1982 output and modern production techniques would have to be widely introduced. For example, the output of millet and sorghum should increase from 462 kgs per hectare in 1982 to 835 kgs per hectare in 1998, output of paddy rice from 1130 to 2382 kgs per hectare and that of maize from 682 to 1298 kgs per hectare. The consumption of fertilizer should increase to 40 kgs per hectare. This type of agriculture will be more intensive than in the past.

45. Such changes in current production methods requires appropriate training for farmers and the popularization of new production techniques.

46. The costs involved in modernizing agriculture are high and could be estimated at about US$500 per hectare for dry farming. On this basis, total costs would be US$6 billion or an annual rate of investment of US$375 million. To this should be added the cost of the irrigated land development programme which would be about $8 billion or an annual investment rate of US$500 million. Thus, to acheive self-sufficiency in food by 1998, the CILSS States would have to invest about US$875 million a year.

(c) Reducing dependence on imported energy

47. In the area of energy, the aim of the normative scenario is to achieve greater autonomy for the region and this would call not only for increased protection of forestry resources and rationalising firewood consumption but also developing hydro-electric resources, economizing on imported energy, particularly oil, and improving on-going activities to develop new and renewable sources of energy.

48. Since the consumption of firewood increases with the growth of the population which will almost have doubled in the sahelian States by the end of the century, each country would have to cut down at least 1 million m^3 of wood to meet the increased demand. The normative scenario aims at arresting this trend by reducing and streamlining the consumption of firewood, for instance through the replacement of the current stoves which lose 95 per cent of their heat by stoves that conserve heat more efficiently.

49. This should go hand in hand with a reforestation policy. Firewood consumption would then increase at a slower rate than firewood consumption under the historical scenario - 2.1 per cent a year on the average instead of 6.9 per cent. The deficit would be lower: 31.5 million tons in 1990 as against 82.5 million under the historical scenario.

50. Electricity production will increase by 9.8 per cent a year on the average if current projects on the development of the region's hydro-electric resources continue. Thus, electricity production will increase from 12.1 million kw/h in 1983 to 49.3 million in 1990. Moreover, when the hydro-electric dams become operational reduced the production of thermal electricity will be considerably and this will reduce oil imports. Consumption is expected to grow by 3.3 per cent and bring about a balance between electricity supply and demand in 1990. imports of petroleum products should decline by 2.5 per cent a year as a result of the development of the CILSS countries', resources energy savings and the development of new sources of energy.

(d) An integrated transport and communications network

51. The construction of an integrated transport and communications network will promote the development of other sectors particularly by facilitating the supply of raw materials and capital goods to local industries facilitating the shipment of export products and strengthening co-operation among countries of the area. A denser transport network will make it possible to provide greater assistance to ill-endowed regions in times of prolonged drought and to supply cities which will be bigger by 1990 with the greater quantities of food required.

52. The transport and communications network could be improved in several ways: continuing activities aimed at opening up landlocked countries, planning and co-ordinating the development of facilities to be used jointly by countries, improving the maintenance of networks and the profitability of transport networks as well as their competitiveness. The transport and communications sector should grow by 6.5 per cent a year, the same rate as that of the GDP.

(c) Faster industrialization

53. Industry including the mining sector should experience an annual growth of 8.6 per cent as a result of the development of the energy, manufacturing and mining sectors. Efforts to improve the financial situation of enterprises that currently have deficits should be continued by improving management which will lead to increased productivity.

54. Industrial capacity should be strengthened mainly through the development of small and medium sized enterprises that are better suited to the requirements of the region. Finally, industrial co-operation among CILSS countries should lead to the harmonization of industrial projects and, in the long run opening the markets of the CILSS countries to other countries of the region.

IV. Recommendations of the Dakar symposium

55. Given the disastrous consequences described in the historical trends scenario, the Dakar symposium established a programme of action to enable CILSS States to implement the proposals of the normative trneds scenario in order to achieve the global development of their economies and ensure that they are self-sustaining: the symposium also defined future courses of research in key areas of the policies implemented.

(a) Proposed action

56. The Dakar symposium recommended the establishment of priority programme for reconstructing the Sahel requiring new strategies and economic policies which were totally different from those implemented during the 1973-1983 period. The strategies should aim at developing the main sectors and would focus on:

1. A policy of food self-sufficienty, aimed at rehabilitating the agricultural sector of the CILSS countries. Under such a policy priority would be accorded to developing the rural sector by committing 20 to 25 per cent of total investment to agriculture.

57. CILSS States would also have to promote attractive and remunerative producer prices and thus ensure that cash crops are competitive in order to keep farmers on the land and thus halt the rural - urban drift.

58. The symposium underscored the importance of concerted action against drought and desertification which have devastating effects on the environment. The symposium advocated a policy of intensive reforestation and rational management of forestry resources. Similarly, it was deemed crucial to develop water resources and irrigate a greater portion of cultivable land to ensure that agricultural production will not be at the mercy of the weather.

59. In the area of animal husbandry, the symposium recommended the continuation of activities aimed at reconstituting livestock, and further developing livestock products and by-products.

60. In the area of fishery, more fish should be produced and special attention should be accorded to fish farming.

2. A policy on the accelerated development of energy and mineral resources focusing particularly on the development of hydro-electric resources and new and renewable sources of energy to reduce dependence on imported energy. Priority should also be given to supplying urban and rural areas with electricity.

3. A transport and communications development policy designed to facilitate trade among countries and promote the economic integration of the subregion. The construction of road and railway networks linking CILSS countries is deemed crucial for promoting co-operation among the States particularly for attaining the objective of national and regional food self-sufficiency. Greater attention should also be paid to maintaining existing networks, renewing and modernizing stock.

4. An industrial diversification policy focusing on increasing the production of agro-industrial, intermediate and capital goods as well as agricultural inputs.

61. All the above-mentioned activities presuppose a high rate of GDP growth of the order of 6 per cent per annum as well as investments which should grow at 8.5 per cent bringing the investment rate to 24.3 per cent of GDP. The increase in investments would, to a large extent, be made possible by international financing agencies which should continue to provide financial assistance to CILSS countries; it should also be the result of the implementation of new policies which, in the long run, are likely to generate part of the investment resources required. In the immediate future, the symposium favoured rescheduling the external debt of CILSS countries and gave support to aid policies that are coherent and better suited to the development priorities of the subregion.

62. Recommendations were also made regarding the strengthening of co-operation among countries and greater efficiency in methods of management and planning.

(b) Research departments

63. The symposium identified specific areas in which in-depth research was required such as how to design better methods of analysis and forecasting and of production of reliable statistical data in order to predict the reaction of various economic factors to the policies implemented. Research should also focus on economic strategies and policies, particularly sectoral policy, research policy, the effects of the external sector on the economies of the Sahelian countries, assessment of constraints to growth and the role of the State in development. A last chapter assigned to research concerned the social problems of development, population policies, the consequences of urbanization, employment, manpower training and the consumption model.

64. A more thorough study of the various aspects of economic development would throw more light on the economies of the CILSS countries and permit the preparation of economic policies that are better suited to the requirements of those countries.